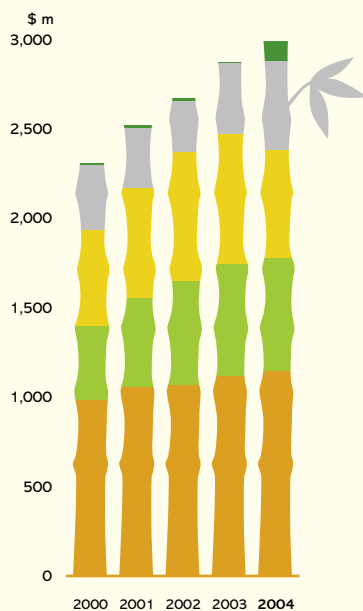


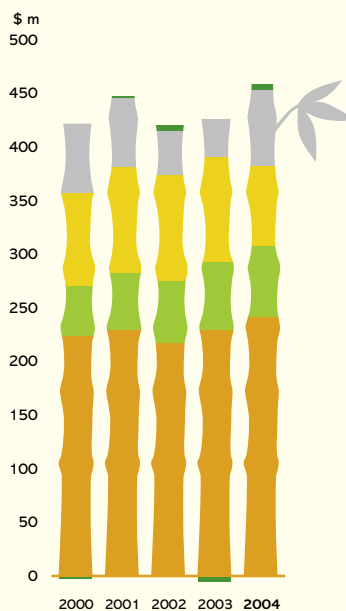
## Financial Highlights

In 2004, ST Engineering reported 9% higher profit before tax of \$450.4m and 10% increase in profit after tax of \$358.4m. Economic Value Added was \$238.7m, comparable to that of the previous year. Commercial sales represented 51% of the Group's business. International contributions grew in 2004, with 33% of the Group's turnover from outside Asia. The Board of Directors is proposing a final dividend of 12.39 cents per share, which represents 100% of 2004 earnings, giving a dividend yield of 5.7%.

Turnover By Sector



Profit Before Tax By Sector



Profit After Tax By Sector  
(before extraordinary items)



■ Aerospace   
 ■ Electronics   
 ■ Land Systems   
 ■ Marine   
 ■ Others

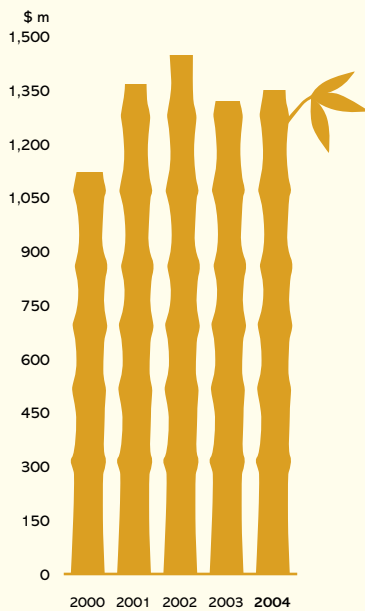
# Key Financial Data

\$ m	2004		2003		2002		2001		2000	
<b>Turnover by sector</b>	<b>2,948</b>	<b>100%</b>	<b>2,819</b>	<b>100%</b>	<b>2,619</b>	<b>100%</b>	<b>2,470</b>	<b>100%</b>	<b>2,259</b>	<b>100%</b>
Aerospace	1,118	38%	1,092	39%	1,043	40%	1,031	42%	956	42%
Electronics	626	21%	614	22%	571	22%	489	20%	412	18%
Land Systems	591	20%	717	25%	710	27%	603	24%	527	23%
Marine	484	16%	387	14%	280	11%	335	13%	358	16%
Others	129	5%	9	–	15	–	12	1%	6	1%
<b>Profit before tax by sector</b>	<b>450.4</b>	<b>100%</b>	<b>412.7</b>	<b>100%</b>	<b>413.0</b>	<b>100%</b>	<b>440.2</b>	<b>100%</b>	<b>412.5</b>	<b>100%</b>
Aerospace	236.6	52%	225.2	55%	213.0	52%	225.7	51%	219.0	53%
Electronics	65.7	15%	61.4	15%	56.7	14%	52.1	12%	46.6	11%
Land Systems	72.6	16%	96.4	23%	96.9	23%	97.2	22%	84.7	21%
Marine	70.1	16%	35.2	9%	41.1	10%	62.6	14%	63.9	15%
Others	5.4	1%	(5.5)	(2%)	5.3	1%	2.6	1%	(1.7)	–
<b>Profit after tax by sector (before extraordinary items)</b>	<b>358.4</b>	<b>100%</b>	<b>325.6</b>	<b>100%</b>	<b>330.7</b>	<b>100%</b>	<b>342.3</b>	<b>100%</b>	<b>288.1</b>	<b>100%</b>
Aerospace	188.4	53%	176.3	54%	155.6	47%	160.3	47%	151.0	52%
Electronics	52.8	15%	48.0	15%	42.8	13%	34.5	10%	30.6	11%
Land Systems	59.1	16%	76.5	24%	100.6	30%	100.3	29%	64.9	23%
Marine	54.0	15%	30.8	9%	29.2	9%	45.7	13%	43.8	15%
Others	4.1	1%	(6.0)	(2%)	2.5	1%	1.5	1%	(2.2)	(1%)

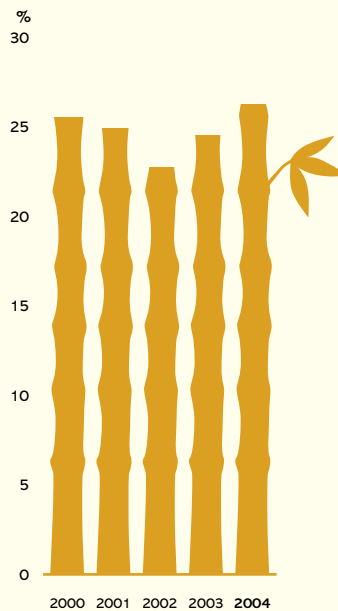
# Key Financial Data

	2004	2003	2002	2001	2000
Shareholders' funds (\$ m)	1,358	1,324	1,452	1,371	1,125
Total assets (\$ m)	4,058	4,122	4,351	4,578	4,383
Net tangible assets (\$ m)	1,296	1,266	1,431	1,370	1,125
Gross dividend per share (cents)	12.39	11.3	18.50	10.80	9.50
Dividend yield (%)	5.67	6.12	9.25	4.20	3.53
Dividend cover	1.00	1.00	0.74	1.38	1.33
Earnings per share (cents)	12.40	11.29	11.47	11.92	10.12
Return on turnover (%)	12.3	11.6	12.7	14.0	12.9
Return on equity (%)	26.4	24.6	22.8	25.0	25.6
Return on total assets (%)	9.0	7.9	7.7	7.6	6.6
Net tangible assets per share (cents)	44.8	43.9	49.6	47.6	39.4

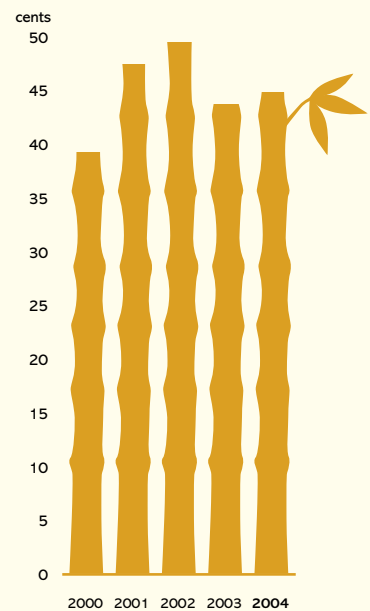
Shareholders' Funds



Return On Equity



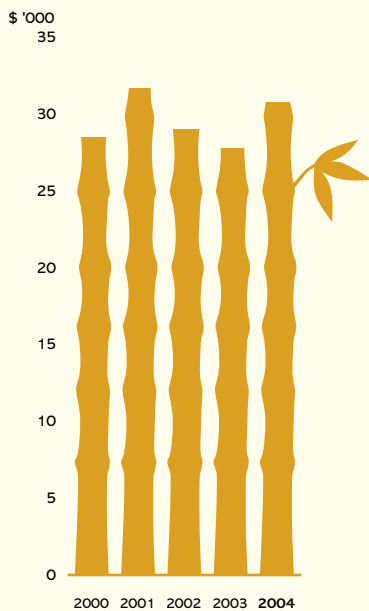
Net Tangible Assets Per Share



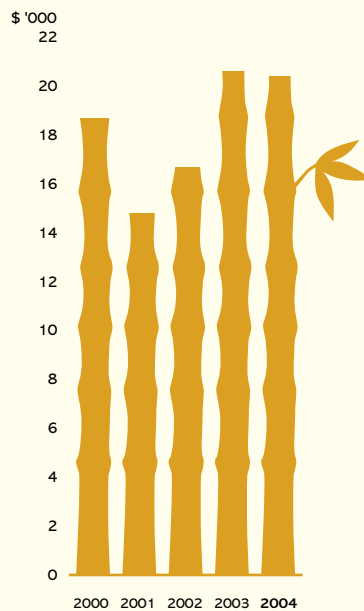
# Productivity Data

	2004	2003	2002	2001	2000
Average staff strength	11,684	11,702	11,413	10,780	10,128
Sales per employee (\$)	252,333	240,898	229,492	229,134	223,048
Profit after tax per employee (\$)	30,674	27,823	28,977	31,749	28,450
Employment costs (\$ m)	822.7	798.0	759.1	742.0	658.5
Employment costs per \$ of turnover (\$)	0.28	0.28	0.29	0.30	0.29
Economic Value Added (\$ m)	238.7	240.9	190.2	159.5	189.3
Economic Value Added spread (%)	13.9	13.9	11.3	10.1	13.3
Economic Value Added per employee (\$)	20,435	20,587	16,664	14,792	18,696
Value added (\$ m)	1,363.1	1,337.0	1,274.2	1,254.5	1,155.8
Value added per employee (\$)	116,668	114,253	111,646	116,373	114,124
Value added per \$ of employment costs (\$)	1.66	1.68	1.68	1.69	1.76
Value added per \$ of gross fixed assets (\$)	1.03	1.05	1.03	1.14	1.12
Value added per \$ of turnover (\$)	0.46	0.47	0.49	0.51	0.51

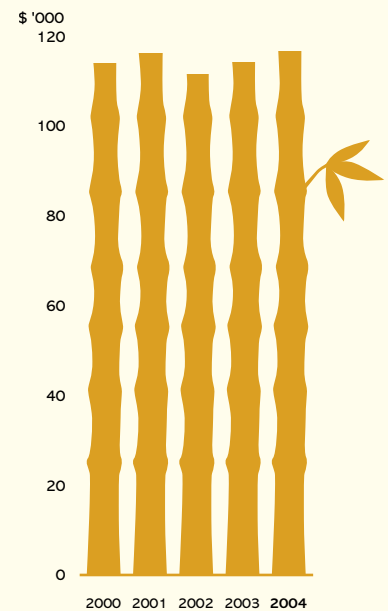
Profit After Tax Per Employee



Economic Value Added Per Employee



Value Added Per Employee



# Economic Value Added Statement

(\$ m)	2004	2003	2002	2001	2000
Net profit before tax	392.0	367.4	370.7	404.3	369.4
Adjust for:					
Share of associated companies' profits	58.4	45.3	42.3	35.8	43.1
Interest expense	6.7	3.7	5.0	5.5	12.7
Others	(3.5)	18.4	5.3	(43.3)	34.6
Adjusted profit before interest and tax	453.6	434.8	423.3	402.3	459.8
Cash operating taxes (Note 1)	(85.7)	(84.7)	(76.3)	(92.9)	(130.3)
<b>Net operating profit after tax (NOPAT) – (a)</b>	<b>367.9</b>	<b>350.1</b>	<b>347.0</b>	<b>309.4</b>	<b>329.5</b>
Average capital employed (Note 2)	1,724.8	1,712.1	1,685.8	1,571.7	1,422.2
Weighted average cost of capital (Note 3) (%)	7.4	6.5	9.3	9.4	9.9
<b>Capital charge – (b)</b>	<b>(127.6)</b>	<b>(111.3)</b>	<b>(156.8)</b>	<b>(147.7)</b>	<b>(140.2)</b>
<b>Group Economic Value Added (EVA) – [(a) – (b)]</b>	<b>240.3</b>	<b>238.8</b>	<b>190.2</b>	<b>161.7</b>	<b>189.3</b>
Minority share of EVA	(1.6)	2.1	–	(2.2)	
<b>Group EVA attributable to ordinary shareholders</b>	<b>238.7</b>	<b>240.9</b>	<b>190.2</b>	<b>159.5</b>	
Unusual items (UI) losses/(gains) (Note 4)	6.1	0.7	7.9	(1.6)	
<b>Group EVA attributable to shareholders (exclude UI)</b>	<b>244.8</b>	<b>241.6</b>	<b>198.1</b>	<b>157.9</b>	

Note 1: The reported current tax is adjusted for the statutory tax impact of interest expense.

Note 2: Monthly average share capital plus interest bearing liabilities, timing provision, goodwill amortised, and present value of operating leases.

Major Capital Components:

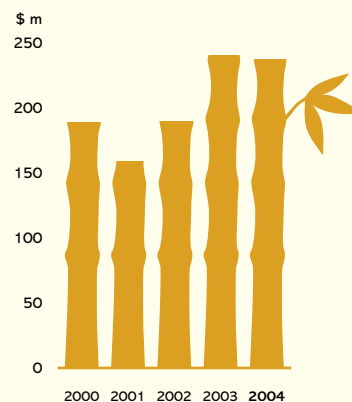
	\$ m
Long term debt	163.1
Short term debt	27.7
Equity	1,283.5
Others	250.5
	<u>1,724.8</u>

Note 3: The weighted average cost of capital is calculated in accordance to Singapore Technologies (ST) Group EVA Policy as follows:

- Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2003 @ 6.0%);
- Risk-free rate of 3.78% (2003 @ 2.78%) based on yield-to-maturity of Singapore Government 10 years Bonds;
- Ungeared beta at 0.7 (2003 @ 0.7) based on ST risk categorisation; and
- Cost of Debt rate at 3.70% (2003 @ 2.68%) using 5 year Singapore Dollar Swap Offered rate plus 75 basis point.

Note 4: Unusual Items (UI) refer to divestment of investment properties, subsidiary and associates, long term investments and disposal of major fixed assets.

EVA Attributable To Ordinary Shareholders



# Value Added Statement

(\$ m)	2004	2003	2002	2001	2000
<b>Value added from:</b>					
Revenue earned	2,948.1	2,819.0	2,619.2	2,470.1	2,259.0
Bought in materials and services	(1,698.6)	(1,578.5)	(1,452.1)	(1,360.8)	(1,243.5)
<b>Gross value added</b>	<b>1,249.5</b>	<b>1,240.5</b>	<b>1,167.1</b>	<b>1,109.3</b>	<b>1,015.5</b>
Income from investments and interest	36.2	32.1	49.6	93.9	85.3
Exchange gain/(loss)	(2.1)	(1.2)	(4.2)	9.4	0.2
Other non-operating income	21.1	20.3	19.4	6.1	11.7
Share of results of associated companies and joint ventures	58.4	47.3	43.8	35.8	43.1
Amortisation of goodwill on acquisition of associated companies	–	(2.0)	(1.5)	–	–
<b>Total value added</b>	<b>1,363.1</b>	<b>1,337.0</b>	<b>1,274.2</b>	<b>1,254.5</b>	<b>1,155.8</b>
<b>Distribution of value added</b>					
To employees in wages, salaries and benefits	822.0	797.4	758.5	741.3	658.8
To government in income and other taxes	93.8	93.1	83.8	90.6	125.5
To providers of capital on:					
• Interest paid on borrowings	4.2	2.2	2.9	3.2	4.0
• Dividends to shareholders	326.5	449.9	247.8	–	213.0
	<b>1,246.5</b>	<b>1,342.6</b>	<b>1,093.0</b>	<b>835.1</b>	<b>1,001.3</b>
<b>Balance retained in/(applied from) business</b>					
Depreciation	77.7	86.4	78.6	74.9	76.1
Impairment of assets	1.0	1.1	1.9	2.1	–
Retained profits	3.6	(149.7)	44.2	251.2	(7.1)
	<b>82.3</b>	<b>(62.2)</b>	<b>124.7</b>	<b>328.2</b>	<b>69.0</b>
<b>Non-production cost and income</b>					
Bad debts	0.2	25.7	11.1	(12.1)	–
Income from investments and interest	36.2	32.1	49.6	93.9	85.3
Exchange gain/(loss)	(2.1)	(1.2)	(4.2)	9.4	0.2
	<b>34.3</b>	<b>56.6</b>	<b>56.5</b>	<b>91.2</b>	<b>85.5</b>
<b>Total distribution</b>	<b>1,363.1</b>	<b>1,337.0</b>	<b>1,274.2</b>	<b>1,254.5</b>	<b>1,155.8</b>

Total Value Added

